



January 28, 2014

## HOUSE BILL No. 1380

DIGEST OF HB 1380 (Updated January 27, 2014 1:03 pm - DI 113)

**Citations Affected:** IC 5-22; IC 5-28; IC 6-1.1; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-8.1; IC 6-9; IC 8-22; IC 21-31; noncode.

**Synopsis:** Various tax and administrative issues. Provides, for purposes of the property tax circuit breaker credit, that a commercial hotel, motel, inn, tourist camp, or tourist cabin is not residential property. Requires the distressed unit appeal board to approve and the state board of finance to make rainy day fund loans to certain distressed school corporations. Requires the distressed unit appeal board: (1) to designate a school corporation as a distressed political subdivision if the school corporation's petition for a loan from the counter-cyclical revenue and economic stabilization fund (fund) was denied in October 2013; and (2) to recommend that the school corporation be approved for a loan from the fund. Repeals the following income tax credits: (1) Prison investment credit. (2) Riverboat building credit. (3) Blended biodiesel credit. (4) Ethanol production credit. Allows the industrial recovery tax credit to be allocated among the members of a pass through entity. Updates references to the Internal Revenue Code. Provides a credit against county economic development income taxes for taxes paid to local governments outside Indiana. Provides that all Indiana adjusted gross income tax return and financial institutions tax

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**Effective:** Upon passage; January 1, 2014 (retroactive); July 1, 2014; January 1, 2015.

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Turner

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January 15, 2014, read first time and referred to Committee on Ways and Means.  
January 28, 2014, amended, reported — Do Pass.

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HB 1380—LS 7116/DI 92



## Digest Continued

return due date extensions are treated the same as an extension granted because of a federal income tax due date extension. Extends the current Vanderburgh County innkeeper's tax revenue distributions through December 31, 2019. Allows the department of state revenue to deny or suspend certain oversize and overweight vehicle permits if the applicant or permit holder is delinquent in paying escort fees to the state police department. Specifies that aviation manufacturing, aviation assembly, and aviation research and development facilities are aviation related property or facilities. Requires the office of the secretary of family and social services to study and report on the benefits provided to individuals whose income does not exceed 200% of the federal income poverty level. Urges the legislative council to study issues related to holding the proceeds of the sale of a major county asset in trust.

**HB 1380—LS 7116/DI 92**



January 28, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1380

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A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1       SECTION 1. IC 5-22-5-8, AS AMENDED BY P.L.148-2009,  
2       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2015]: Sec. 8. (a) This section does not apply to a  
4       political subdivision, except a school corporation (as defined in  
5       IC 20-18-2-16(a)).  
6       (b) As used in this section, "blended biodiesel" ~~has the meaning set~~  
7       ~~forth in IC 6-3-1-27-2:~~ **refers to a blend of biodiesel with petroleum**  
8       **diesel so that the percentage of biodiesel in the blend is at least two**  
9       **percent (2%) (B2 or greater). The term does not include biodiesel**  
10      **(B100).**  
11      (c) As used in this section, "diesel fueled vehicle" refers to a vehicle  
12      that is capable of using diesel to fuel its primary motor.  
13      (d) As used in this section, "ethanol" means agriculturally derived  
14      ethyl alcohol.  
15      (e) As used in this section, "E85" has the meaning set forth in  
16      IC 6-6-1.1-103.

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(f) As used in this section, "gasoline fueled vehicle" refers to a vehicle that is capable of using gasoline to fuel its primary motor.

(g) As used in this section "mid-level blend fuel" means a fuel blend consisting of:

- (1) at least twenty percent (20%) but not more than seventy-three percent (73%) ethanol; and
- (2) gasoline as the balance.

(h) As used in this section, "vehicle" includes the following:

- (1) An automobile.
- (2) A truck.
- (3) A tractor.

(i) Except as provided by subsections (k) and (l), a governmental body shall whenever possible purchase mid-level blend fuel or E85 to fuel the gasoline fueled vehicles owned or operated by the governmental body.

(j) Except as provided by subsections (k) and (l), a governmental body shall whenever possible purchase blended biodiesel fuel to fuel the diesel fueled vehicles owned or operated by the governmental body.

(k) The following vehicles are exempt from the requirements of subsections (i) and (j):

- (1) A vehicle that is leased by the governmental body for thirty (30) days or less.
- (2) A vehicle that:
  - (A) is primarily powered by an electric motor; or
  - (B) can use only propane, compressed or liquified natural gas, or methanol as its fuel source.

(l) The following vehicles are exempt from the requirements of subsection (i) or (j), whichever is appropriate:

- (1) A gasoline fueled vehicle in which the use of mid-level blend fuel or E85 has not been approved by the manufacturer.
- (2) A diesel fueled vehicle in which the use of blended biodiesel fuel has not been approved by the manufacturer.
- (3) A gasoline fueled vehicle in which the use of mid-level blend fuel is prohibited by the federal Clean Air Act (42 U.S.C. 7401 et seq.).

SECTION 2. IC 5-28-6-3 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. Sec. 3: (a) The general assembly declares that the opportunity for the participation of underutilized small businesses, especially women and minority business enterprises, in the biodiesel and ethanol production industries is essential if social and economic parity is to be obtained by women and minority business persons and if the economy of Indiana is to be stimulated as contemplated by this section;



1 IC 6-3.1-27; and IC 6-3.1-28: A recipient of a credit under this chapter  
 2 is encouraged to purchase goods and services from underutilized small  
 3 businesses; especially women and minority business enterprises:

4 (b) The definitions in IC 6-3.1-27 and IC 6-3.1-28 apply throughout  
 5 this section: A term used in this section that is defined in both  
 6 IC 6-3.1-27 and IC 6-3.1-28 refers to the term as defined in:

7 (1) IC 6-3.1-27 whenever this section applies to the certification  
 8 of a person for a credit under IC 6-3.1-27; and

9 (2) IC 6-3.1-28 whenever this section applies to the certification  
 10 of a person for a credit under IC 6-3.1-28:

11 In addition, as used in this section, "person" refers to a taxpayer or a  
 12 pass through entity:

13 (c) As used in this section, "minority" means a member of a  
 14 minority group (as defined in IC 4-13-16.5-1):

15 (d) As used in this section, "minority business enterprise" has the  
 16 meaning set forth in IC 4-13-16.5-1:

17 (e) As used in this section, "women's business enterprise" has the  
 18 meaning set forth in IC 4-13-16.5-1.3:

19 (f) A person that:

20 (1) begins construction of a facility or an expansion of a facility  
 21 for the production of biodiesel, blended biodiesel, or ethanol in  
 22 Indiana after February 28, 2005; and

23 (2) wishes to claim a tax credit with respect to that facility or the  
 24 expansion of a facility under any combination of IC 6-3.1-27-8;  
 25 IC 6-3.1-27-9; or IC 6-3.1-28-7;

26 must apply to the corporation for a determination of the person's  
 27 eligibility for the tax credit:

28 (g) Subject to this section, the corporation shall issue to each  
 29 qualifying applicant a certification that:

30 (1) certifies the person as eligible for the tax credits for which the  
 31 person applied;

32 (2) identifies the facilities covered by the certification; and

33 (3) allocates to the person a credit under IC 6-3.1-27-8;  
 34 IC 6-3.1-27-9; or IC 6-3.1-28-11:

35 (h) To qualify for certification under subsection (g), a person must  
 36 do the following:

37 (1) Submit an application for the credit on the forms and in the  
 38 manner prescribed by the corporation for the credit that is the  
 39 subject of the application:

40 (2) Demonstrate through a business plan and other information  
 41 presented to the corporation that the level of production proposed  
 42 by the person is feasible and economically viable. In making a



determination under this subdivision; the corporation shall consider:

- (A) whether the person is sufficiently capitalized to complete the project;
- (B) the person's credit rating;
- (C) whether the person has sufficient technical expertise to build and operate a facility; and
- (D) other relevant financial information as determined by the corporation.

(i) The corporation shall record the time of filing of each application submitted under this section. The corporation shall grant certifications under this section to qualifying applicants in the chronological order in which the applications for the same type of credit are filed until the maximum allowable credit for that type of credit is fully allocated.

(j) The corporation may terminate a certification or reduce an allocation of a credit granted under this section only if the corporation determines, after a hearing, that the person granted the certification or allocation has failed to:

- (1) substantially comply with the business plan that is the basis for the certification or allocation; or
- (2) submit the information needed by the corporation to determine whether the person has substantially complied with the business plan that is the basis of the certification or allocation.

If an allocation of a credit is terminated or reduced; the unused credit becomes available for allocation to other qualifying applicants in the chronological order in which the applications for the same type of credit are filed until the maximum allowable credit for that type of credit is fully allocated. The corporation may approve an amendment to a business plan or a transfer of a certificate of eligibility in conformity with the terms and conditions specified by the corporation in rules adopted by the corporation under IC 4-22-2.

(k) The corporation shall give the department of state revenue written notice of each action taken under this section:

SECTION 3. IC 5-28-28-4, AS AMENDED BY P.L.288-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 4. As used in this chapter, "tax credit" means a state tax liability credit under any of the following:

- (1) IC 6-3.1-7.
- (2) IC 6-3.1-13.
- (3) IC 6-3.1-26.
- (4) ~~IC 6-3.1-27.~~
- (5) ~~IC 6-3.1-28.~~



- 1           ~~(6)~~ (4) IC 6-3.1-30.  
 2           ~~(7)~~ (5) IC 6-3.1-31.9.  
 3           ~~(8)~~ (6) IC 6-3.1-33.  
 4           SECTION 4. IC 6-1.1-20.3-6.5, AS AMENDED BY P.L.257-2013,  
 5           SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6           UPON PASSAGE]: Sec. 6.5. (a) After the board receives a petition  
 7           concerning a political subdivision under section 6(a) or 6(b)(2) of this  
 8           chapter, the board may designate the political subdivision as a  
 9           distressed political subdivision if at least one (1) of the following  
 10          conditions applies to the political subdivision:  
 11               (1) The political subdivision has defaulted in payment of principal  
 12               or interest on any of its bonds or notes.  
 13               (2) The political subdivision has failed to make required  
 14               payments to payroll employees for thirty (30) days or two (2)  
 15               consecutive payrolls.  
 16               (3) The political subdivision has failed to make required  
 17               payments to judgment creditors for sixty (60) days beyond the  
 18               date of the recording of the judgment.  
 19               (4) The political subdivision, for at least thirty (30) days beyond  
 20               the due date, has failed to do any of the following:  
 21                       (A) Forward taxes withheld on the incomes of employees.  
 22                       (B) Transfer employer or employee contributions due under  
 23                       the Federal Insurance Contributions Act (FICA).  
 24                       (C) Deposit the political subdivision's minimum obligation  
 25                       payment to a pension fund.  
 26               (5) The political subdivision has accumulated a deficit equal to  
 27               eight percent (8%) or more of the political subdivision's revenues.  
 28               For purposes of this subdivision, "deficit" means a negative fund  
 29               balance calculated as a percentage of revenues at the end of a  
 30               budget year for any governmental or proprietary fund. The  
 31               calculation must be presented on an accrual basis according to  
 32               generally accepted accounting principles.  
 33               (6) The political subdivision has sought to negotiate a resolution  
 34               or an adjustment of claims that in the aggregate:  
 35                       (A) exceed thirty percent (30%) of the political subdivision's  
 36                       anticipated annual revenues; and  
 37                       (B) are ninety (90) days or more past due.  
 38               (7) The political subdivision has carried over interfund loans for  
 39               the benefit of the same fund at the end of two (2) successive  
 40               years.  
 41               (8) The political subdivision has been severely affected, as  
 42               determined by the board, as a result of granting the property tax



credits under IC 6-1.1-20.6.

(9) In addition to the conditions listed in subdivisions (1) through (8), and in the case of a school corporation, the board may also designate a school corporation as a distressed political subdivision if at least one (1) of the following conditions applies:

(A) The school corporation has:

(i) issued refunding bonds under IC 5-1-5-2.5; or

(ii) adopted a resolution under IC 5-1-5-2.5 making the determinations and including the information specified in IC 5-1-5-2.5(g).

(B) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the highest ten (10) among all school corporations.

(C) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the highest ten (10) among all school corporations.

(D) The amount of homestead assessed valuation in the school corporation for calendar year 2011 was at least sixty percent (60%) of the total amount of assessed valuation in the school corporation for calendar year 2011.

**(10) In addition to the conditions listed in subdivisions (1) through (9), and in the case of a school corporation, the board shall also designate a school corporation as a distressed political subdivision if the school corporation's petition for a loan from the counter-cyclical revenue and economic stabilization fund was denied in October 2013.**

The board may consider whether a political subdivision has fully exercised all the local options available to the political subdivision, such as a local option income tax or a local option income tax rate increase or, in the case of a school corporation, an operating referendum.

(b) If the board designates a political subdivision as distressed under subsection (a), the board shall review the designation annually to determine if the distressed political subdivision meets at least one (1) of the conditions listed in subsection (a).

(c) If the board designates a political subdivision as a distressed political subdivision under subsection (a), the board shall immediately notify:

(1) the treasurer of state; and

(2) the county auditor and county treasurer of each county in





1 which the distressed political subdivision is wholly or partially  
 2 located;  
 3 that the board has designated the political subdivision as a distressed  
 4 political subdivision.

5 SECTION 5. IC 6-1.1-20.3-8.3, AS AMENDED BY P.L.257-2013,  
 6 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 UPON PASSAGE]: Sec. 8.3. **(a)** After the board receives a petition  
 8 concerning a school corporation under section 6(b)(1) of this chapter,  
 9 the board shall review the school corporation's request for a loan from  
 10 the counter-cyclical revenue and economic stabilization fund under  
 11 IC 6-1.1-21.4-3(b). **Subject to subsection (b)**, the board shall make a  
 12 recommendation to the state board of finance regarding the loan  
 13 request. The board may consider whether a school corporation has  
 14 attempted to secure temporary cash flow loans from the Indiana bond  
 15 bank or a financial institution in making its recommendation.

16 **(b) The board shall recommend that the state board of finance**  
 17 **approve a loan request submitted by a school corporation**  
 18 **designated as a distressed political subdivision under section**  
 19 **6.5(a)(10) of this chapter.**

20 SECTION 6. IC 6-1.1-20.6-4, AS AMENDED BY P.L.288-2013,  
 21 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 22 JANUARY 1, 2014 (RETROACTIVE)]: Sec. 4. As used in this  
 23 chapter, "residential property" refers to real property that consists of  
 24 any of the following:

- 25 (1) A single family dwelling that is not part of a homestead and
- 26 the land, not exceeding one (1) acre, on which the dwelling is
- 27 located.
- 28 (2) Real property that consists of:
- 29 (A) a building that includes two (2) or more dwelling units;
- 30 (B) any common areas shared by the dwelling units (including
- 31 any land that is a common area, as described in section
- 32 1.2(b)(2) of this chapter); and
- 33 (C) the land on which the building is located.
- 34 (3) Land rented or leased for the placement of a manufactured
- 35 home or mobile home, including any common areas shared by the
- 36 manufactured homes or mobile homes.

37 **The term does not include real property that consists of a**  
 38 **commercial hotel, motel, inn, tourist camp, or tourist cabin.**

39 SECTION 7. IC 6-1.1-21.4-2, AS AMENDED BY P.L.145-2012,  
 40 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 UPON PASSAGE]: Sec. 2. As used in this chapter, "eligible school  
 42 corporation" refers to ~~either~~ any of the following:



(1) A school corporation located in a county in which distributions of property tax revenue for 2007 or 2008 to the taxing units (as defined in IC 6-1.1-1-21) of the county:

(A) have not been made; or

(B) were delayed by more than sixty (60) days after either due date specified in IC 6-1.1-22-9.

(2) A school corporation that is:

(A) designated by the distressed unit appeal board as a distressed political subdivision under IC 6-1.1-20.3; or

(B) approved for a loan by the distressed unit appeal board under IC 6-1.1-20.3-8.3.

**(3) A school corporation approved for a loan by the distressed unit appeal board under IC 6-1.1-20.3-8.3(b).**

SECTION 8. IC 6-1.1-21.4-3, AS AMENDED BY P.L.145-2012, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) An eligible school corporation may apply to the board for a loan from the counter-cyclical revenue and economic stabilization fund.

(b) Subject to subsections (c) and (d) and section 3.5 of this chapter, an eligible school corporation described in section 2(2) of this chapter may apply to the board for a loan. The maximum amount of a loan that the board may approve for the eligible school corporation is the lesser of the following:

(1) Five million dollars (\$5,000,000).

(2) The product of:

(A) one thousand dollars (\$1,000); multiplied by

(B) the school corporation's 2012 ADM.

(c) At the time the distressed unit appeal board designates a school corporation as a distressed political subdivision under IC 6-1.1-20.3 or recommends under IC 6-1.1-20.3-8.3 that a loan from the fund be approved for a school corporation, the distressed unit appeal board may also recommend to the state board of finance that a loan from the fund to the school corporation be contingent upon any of the following:

(1) The sale of specified unused property by the school board.

(2) The school corporation modifying one (1) or more specified contracts entered into by the school corporation.

(d) In making a loan from the fund to a school corporation, the state board of finance may make the loan contingent upon any condition recommended by the distressed unit appeal board under subsection (c).

**(e) This subsection applies only to an eligible school corporation approved for a loan by the distressed unit appeal board under IC 6-1.1-20.3-8.3(b). The board shall make the loan approved by**



the distressed unit appeal board as requested by the eligible school corporation. The following apply to a loan made under this subsection:

(1) The maximum amount of a loan set forth in subsection (b).

(2) Sections 3.5 through 7 of this chapter.

In addition, an eligible school corporation receiving a loan under this subsection shall sell any unimproved land owned by the eligible school corporation that on April 1, 2014, is not contiguous to the grounds of any school.

SECTION 9. IC 6-3-1-11, AS AMENDED BY P.L.205-2013, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2013~~, 2014.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2011~~, 2014, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2011~~, 2014, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2013~~, 2014, that is effective for any taxable year that began before January 1, ~~2013~~, 2014, and that affects:

(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining



1 adjusted gross income under section 3.5 of this chapter.

2 (d) This subsection applies to a taxable year ending before January  
3 1, 2013. The following provisions of the Internal Revenue Code that  
4 were amended by the Tax Relief Act, Unemployment Insurance  
5 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are  
6 treated as though they were not amended by the Tax Relief Act,  
7 Unemployment Insurance Reauthorization, and Job Creation Act of  
8 2010 (P.L. 111-312):

9 (1) Section 1367(a)(2) of the Internal Revenue Code pertaining to  
10 an adjustment of basis of the stock of shareholders.

11 (2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal  
12 Revenue Code pertaining to the treatment of certain dividends of  
13 regulated investment companies.

14 (3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code  
15 pertaining to regulated investment companies qualified entity  
16 treatment.

17 (4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code  
18 pertaining to the modification of tax treatment of certain  
19 payments to controlling exempt organizations.

20 (5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code  
21 pertaining to the limitations on percentage depletion in the case  
22 of oil and gas wells.

23 (6) Section 451(i)(3) of the Internal Revenue Code pertaining to  
24 special rule for sales or dispositions to implement Federal Energy  
25 Regulatory Commission or state electric restructuring policy for  
26 qualified electric utilities.

27 (7) Section 954(c)(6) of the Internal Revenue Code pertaining to  
28 the look-through treatment of payments between related  
29 controlled foreign corporations under foreign personal holding  
30 company rules.

31 The department shall develop forms and adopt any necessary rules  
32 under IC 4-22-2 to implement this subsection.

33 SECTION 10. IC 6-3.1-1-4 IS ADDED TO THE INDIANA CODE  
34 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
35 1, 2014]: **Sec. 4. Except as otherwise expressly provided, a taxpayer**  
36 **may carry forward any unused tax credit from a prior taxable year**  
37 **to a taxable year that begins after the repeal of the statute that**  
38 **provided the tax credit. However, any limits on:**

39 (1) the amount carried forward; or

40 (2) the number of years to which an unused tax credit may be  
41 carried forward;

42 apply to any part of a tax credit carried forward under this section



as if the statute allowing the unused tax credit to be carried forward had not been repealed.

SECTION 11. IC 6-3.1-6 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. (Prison Investment Credits).

SECTION 12. IC 6-3.1-11-7.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]: **Sec. 7.5. As used in this chapter, "pass through entity" means:**

- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.

SECTION 13. IC 6-3.1-11-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]: **Sec. 24. (a) If a pass through entity is entitled to a credit under section 16 of this chapter but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:**

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

**(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same investment.**

SECTION 14. IC 6-3.1-17 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. (Indiana Riverboat Building Credit).

SECTION 15. IC 6-3.1-27 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. (Blended Biodiesel Tax Credits).

SECTION 16. IC 6-3.1-28 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. (Ethanol Production Tax Credit).

SECTION 17. IC 6-3.5-7-8.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 8.1. (a) This section applies to a taxable year beginning after December 31, 2014.**



(b) Except as provided in subsection (c), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside Indiana, that county taxpayer is entitled to a credit against the county taxpayer's county economic development income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the county economic development income tax. However, the credit provided by this section may not reduce a county taxpayer's economic development income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(c) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity described in subsection (b) provides for a credit to the taxpayer for the amount of county economic development income taxes owed under this chapter.

(d) To claim the credit provided by this section, a county taxpayer must provide the department with satisfactory evidence that the county taxpayer is entitled to the credit.

SECTION 18. IC 6-8.1-4-4, AS AMENDED BY P.L.176-2006, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. (a) The department shall establish a registration center to service owners of commercial motor vehicles.

(b) The registration center is under the supervision of the department through the motor carrier services division.

(c) An owner or operator of a commercial motor vehicle may apply to the registration center for the following:

- (1) Vehicle registration (IC 9-18).
- (2) Motor carrier fuel tax annual permit.
- (3) Proportional use credit certificate (IC 6-6-4.1-4.7).
- (4) Certificate of operating authority.
- (5) Oversize vehicle permit (IC 9-20-3).
- (6) Overweight vehicle permit (IC 9-20-4).
- (7) Payment of the commercial vehicle excise tax imposed under IC 6-6-5.5.

(d) The commissioner may deny an application described in subsection (c) if the applicant fails to do any of the following with respect to a listed tax:

- (1) File all tax returns or information reports.
- (2) Pay all taxes, penalties, and interest.



1 (e) The commissioner may:

2 (1) deny an application for an oversize vehicle permit, an  
3 overweight vehicle permit, or a single oversize-overweight  
4 permit; or

5 (2) suspend any permit issued to a person;  
6 if the applicant or permit holder is delinquent in paying escort fees  
7 to the state police department.

8 ~~(e)~~ (f) The commissioner may suspend or revoke any registration,  
9 permit, certificate, or authority if the person to whom the registration,  
10 permit, certificate, or authority is issued fails to do any of the following  
11 with respect to a listed tax:

12 (1) File all tax returns or information reports.

13 (2) Pay all taxes, penalties, and interest.

14 ~~(f)~~ (g) Funding for the development and operation of the registration  
15 center shall be taken from the motor carrier regulation fund  
16 (IC 8-2.1-23-1).

17 ~~(g)~~ (h) The department shall recommend to the general assembly  
18 other functions that the registration center may perform.

19 SECTION 19. IC 6-8.1-6-1 IS AMENDED TO READ AS  
20 FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 1. (a) **This**  
21 **subsection does not apply to a person's Indiana adjusted gross**  
22 **income tax return or a person's financial institutions tax return.** If  
23 a person responsible for filing a tax return is unable to file the return by  
24 the appropriate due date, ~~he~~ **the person** may petition the department,  
25 before that due date, for a filing extension. ~~The person must include~~  
26 ~~with the petition a payment of at least ninety percent (90%) of the tax~~  
27 ~~that is reasonably expected to be due on the due date.~~ When the  
28 department receives the petition, ~~and the payment,~~ the department shall  
29 grant the person a sixty (60) day extension.

30 (b) If a person responsible for filing a tax return has received an  
31 extension of the due date and is still unable to file the return by the  
32 extended due date, ~~he~~ **the person** may petition the department for  
33 another extension. The person must include in the petition a statement  
34 of the reasons for ~~his~~ **the person's** inability to file the return by the due  
35 date. If the department finds that the person's petition is proper and that  
36 the person has good cause for requesting the extension, the department  
37 may extend the person's due date for any period that the department  
38 deems reasonable under the circumstances. The department may allow  
39 additional, successive extensions if the person properly petitions for the  
40 extension before the end of ~~his~~ **the person's** current extension period.

41 (c) **The following apply only to a person's Indiana adjusted**  
42 **gross income tax return or a person's financial institutions tax**



1 **return:**

2 (1) If the Internal Revenue Service allows a person an extension  
3 on ~~his~~ **the person's** federal income tax return, the corresponding  
4 due dates for the person's Indiana income tax returns are  
5 automatically extended for the same period as the federal  
6 extension, plus thirty (30) days.

7 **(2) If a person petitions the department for a filing extension**  
8 **for the person's Indiana adjusted gross income tax return or**  
9 **financial institutions tax return without obtaining an**  
10 **extension for filing the person's federal income tax return, the**  
11 **department shall extend the person's due date for the person's**  
12 **Indiana adjusted gross income tax return or financial**  
13 **institutions tax return for the same period that the person**  
14 **would have been allowed under subdivision (1) if the person**  
15 **had been granted an extension by the Internal Revenue**  
16 **Service.**

17 **(d) A person submitting a petition for an extension under this**  
18 **section is not required to include any payment of tax with the**  
19 **petition. However, ~~the~~ a person obtaining an extension under this**  
20 **section must pay at least ninety percent (90%) of the Indiana income**  
21 **tax that is reasonably expected to be due on the original due date by**  
22 **that due date, or ~~he~~ the person may be subject to the penalties imposed**  
23 **for failure to pay the tax.**

24 ~~(d)~~ **(e) Any tax that remains unpaid during an extension period**  
25 **accrues interest at a rate established under IC 6-8.1-10-1 from the**  
26 **original due date, but that tax will not accrue any late payment**  
27 **penalties until the extension period has ended. Any penalties must be**  
28 **determined based on the amount of tax not paid on or before the**  
29 **end of the extension period after application of payments provided**  
30 **under IC 6-8.1-8-1.5 and determined as of the deadline of the**  
31 **extension period.**

32 SECTION 20. IC 6-9-2.5-7.5, AS AMENDED BY P.L.176-2009,  
33 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
34 JULY 1, 2014]: Sec. 7.5. (a) The county treasurer shall establish a  
35 tourism capital improvement fund.

36 (b) The county treasurer shall deposit money in the tourism capital  
37 improvement fund as follows:

38 (1) Before January 1, ~~2015~~, **2020**, the county treasurer shall  
39 deposit in the tourism capital improvement fund the amount of  
40 money received under section 6 of this chapter that is generated  
41 by a three and one-half percent (3.5%) rate.

42 (2) After December 31, ~~2014~~, **2019**, the county treasurer shall





1 deposit in the tourism capital improvement fund the amount of  
 2 money received under section 6 of this chapter that is generated  
 3 by a four and one-half percent (4.5%) rate.

4 (c) The commission may transfer money in the tourism capital  
 5 improvement fund to:

6 (1) the county government, a city government, or a separate body  
 7 corporate and politic in a county described in section 1 of this  
 8 chapter; or

9 (2) any Indiana nonprofit corporation;

10 for the purpose of making capital improvements in the county that  
 11 promote conventions, tourism, or recreation. The commission may  
 12 transfer money under this section only after approving the transfer.  
 13 Transfers shall be made quarterly or less frequently under this section.

14 SECTION 21. IC 6-9-2.5-7.7, AS AMENDED BY P.L.176-2009,  
 15 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 16 JULY 1, 2014]: Sec. 7.7. (a) The county treasurer shall establish a  
 17 convention center operating fund.

18 (b) Before January 1, ~~2015~~, **2020**, the county treasurer shall deposit  
 19 in the convention center operating fund the amount of money received  
 20 under section 6 of this chapter that is generated by a two percent (2%)  
 21 rate. Money in the fund must be expended for the operating expenses  
 22 of a convention center.

23 (c) After December 31, ~~2014~~, **2019**, the county treasurer shall  
 24 deposit in the convention center operating fund the amount of money  
 25 received under section 6 of this chapter that is generated by a one  
 26 percent (1%) rate. Money in the fund must be expended for the  
 27 operating expenses of a convention center with the unused balance  
 28 transferred on January 1 of each year to the tourism capital  
 29 improvement fund.

30 SECTION 22. IC 8-22-1-4.5 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4.5. (a) "Aviation  
 32 related property or facilities" means those properties or facilities that  
 33 are utilized by a lessee, or a lessee's assigns, who provides services or  
 34 accommodations:

35 (1) for scheduled or unscheduled air carriers and air taxis, and  
 36 their passengers, air cargo operations, and related ground  
 37 transportation facilities;

38 (2) for fixed based operations;

39 (3) for general aviation or military users; and

40 (4) as aviation **manufacturing, assembly, research and**  
 41 **development, or** maintenance and repair facilities.

42 (b) The term includes any property leased to the United States, or its



1 agencies or instrumentalities, and any leased property identified as  
 2 clear zones, ~~aviation~~ **aviation** easements, safety and transition areas,  
 3 as defined by the Federal Aviation Administration.

4 SECTION 23. IC 21-31-9-3, AS ADDED BY P.L.148-2009,  
 5 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 2015]: Sec. 3. (a) As used in this section, "blended  
 7 biodiesel" ~~has the meaning set forth in IC 6-3.1-27-2.~~ **refers to a blend**  
 8 **of biodiesel with petroleum diesel so that the percentage of**  
 9 **biodiesel in the blend is at least two percent (2%) (B2 or greater).**  
 10 **The term does not include biodiesel (B100).**

11 (b) As used in this section, "diesel fueled vehicle" refers to a vehicle  
 12 that is capable of using diesel to fuel its primary motor.

13 (c) As used in this section, "ethanol" means agriculturally derived  
 14 ethyl alcohol.

15 (d) As used in this section, "E85" has the meaning set forth in  
 16 IC 6-6-1.1-103.

17 (e) As used in this section, "gasoline fueled vehicle" refers to a  
 18 vehicle that is capable of using gasoline to fuel its primary motor.

19 (f) As used in this section, "mid-level blend fuel" means a fuel blend  
 20 consisting of:

- 21 (1) at least twenty percent (20%) but not more than seventy-three
- 22 percent (73%) ethanol; and
- 23 (2) gasoline as the balance.

24 (g) As used in this section, "vehicle" includes the following:

- 25 (1) An automobile.
- 26 (2) A truck.
- 27 (3) A tractor.

28 (h) Except as provided by subsections (j) and (k), a state educational  
 29 institution shall whenever possible purchase mid-level blend fuel or  
 30 E85 to fuel the gasoline fueled vehicles owned or operated by the state  
 31 educational institution.

32 (i) Except as provided by subsections (j) and (k), a state educational  
 33 institution shall whenever possible purchase blended biodiesel fuel to  
 34 fuel the diesel fueled vehicles owned or operated by the state  
 35 educational institution.

36 (j) The following vehicles are exempt from the requirements of  
 37 subsections (h) and (i):

- 38 (1) A vehicle that is leased by the state educational institution for
- 39 thirty (30) days or less.
- 40 (2) A vehicle that:
- 41 (A) is primarily powered by an electric motor; or
- 42 (B) can use only propane, compressed or liquified natural gas,



- 1 or methanol as its fuel source.
- 2 (k) The following vehicles are exempt from the requirements of
- 3 subsection (h) or (i), whichever is appropriate:
- 4 (1) A gasoline fueled vehicle in which the use of mid-level blend
- 5 fuel or E85 has not been approved by the manufacturer.
- 6 (2) A diesel fueled vehicle in which the use of blended biodiesel
- 7 fuel has not been approved by the manufacturer.
- 8 (3) A gasoline fueled vehicle in which the use of mid-level blend
- 9 fuel is prohibited by the federal Clean Air Act (42 U.S.C. 7401 et
- 10 seq.).
- 11 SECTION 24. [EFFECTIVE UPON PASSAGE] (a) **As used in this**
- 12 **SECTION, "office of the secretary" refers to the office of the**
- 13 **secretary of family and social services established by IC 12-8-1.5-1.**
- 14 (b) **As used in this SECTION, "government assistance income"**
- 15 **means the sum of the value of all:**
- 16 (1) **cash;**
- 17 (2) **free services; or**
- 18 (3) **savings from reduced fees;**
- 19 **received by an Indiana resident whose income does not exceed two**
- 20 **hundred percent (200%) of the federal income poverty level.**
- 21 (c) **Before November 1, 2014, the office of the secretary shall**
- 22 **study the following:**
- 23 (1) **The tax relief available for Indiana residents whose**
- 24 **incomes do not exceed two hundred percent (200%) of the**
- 25 **federal income poverty level.**
- 26 (2) **The availability of programs that provide financial or**
- 27 **medical assistance to Indiana residents whose incomes do not**
- 28 **exceed two hundred percent (200%) of the federal income**
- 29 **poverty level, including:**
- 30 (A) **Medicaid;**
- 31 (B) **Temporary Assistance for Needy Families;**
- 32 (C) **supplemental nutrition assistance; or**
- 33 (D) **any other federal, state, or local financial or medical**
- 34 **assistance available to Indiana residents whose incomes do**
- 35 **not exceed two hundred percent (200%) of the federal**
- 36 **income poverty level.**
- 37 (3) **The maximum government assistance income an**
- 38 **individual could receive by pursuing and obtaining the**
- 39 **benefits described in subdivisions (1) and (2).**
- 40 (d) **The office of the secretary shall submit a report of its**
- 41 **findings not later than November 1, 2014, to the governor and the**
- 42 **legislative council. The report to the legislative council must be in**



1 an electronic format under IC 5-14-6. The report must include a  
 2 detailed explanation of the calculation assumptions and  
 3 methodology.

4 (e) This SECTION expires January 1, 2015.

5 SECTION 25. [EFFECTIVE JANUARY 1, 2014  
 6 (RETROACTIVE)] (a) IC 6-3.1-11-7.5 and IC 6-3.1-11-24, both as  
 7 added by this act, apply to taxable years beginning after December  
 8 31, 2013.

9 (b) This SECTION expires January 1, 2017.

10 SECTION 26. [EFFECTIVE JULY 1, 2014] (a) IC 8-22-1-4.5, as  
 11 amended by this act, applies to property taxes imposed for an  
 12 assessment date after December 31, 2014.

13 (b) This SECTION expires January 1, 2017.

14 SECTION 27. [EFFECTIVE JULY 1, 2014] (a) The legislative  
 15 council is urged to assign the following topics for study during the  
 16 2014 legislative interim:

17 (1) Whether the proceeds of the sale of a major county asset  
 18 should be held in a nonreverting trust fund of the county such  
 19 that the principal of the fund is never diminished.

20 (2) The issue of how to define the term "major county asset".

21 (3) Permissible uses of the interest of a trust fund described in  
 22 subdivision (1).

23 (b) This SECTION expires December 31, 2014.

24 SECTION 28. An emergency is declared for this act.



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1380, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 4. IC 6-1.1-20.3-6.5, AS AMENDED BY P.L.257-2013, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.5. (a) After the board receives a petition concerning a political subdivision under section 6(a) or 6(b)(2) of this chapter, the board may designate the political subdivision as a distressed political subdivision if at least one (1) of the following conditions applies to the political subdivision:

- (1) The political subdivision has defaulted in payment of principal or interest on any of its bonds or notes.
- (2) The political subdivision has failed to make required payments to payroll employees for thirty (30) days or two (2) consecutive payrolls.
- (3) The political subdivision has failed to make required payments to judgment creditors for sixty (60) days beyond the date of the recording of the judgment.
- (4) The political subdivision, for at least thirty (30) days beyond the due date, has failed to do any of the following:
  - (A) Forward taxes withheld on the incomes of employees.
  - (B) Transfer employer or employee contributions due under the Federal Insurance Contributions Act (FICA).
  - (C) Deposit the political subdivision's minimum obligation payment to a pension fund.
- (5) The political subdivision has accumulated a deficit equal to eight percent (8%) or more of the political subdivision's revenues. For purposes of this subdivision, "deficit" means a negative fund balance calculated as a percentage of revenues at the end of a budget year for any governmental or proprietary fund. The calculation must be presented on an accrual basis according to generally accepted accounting principles.
- (6) The political subdivision has sought to negotiate a resolution or an adjustment of claims that in the aggregate:
  - (A) exceed thirty percent (30%) of the political subdivision's anticipated annual revenues; and
  - (B) are ninety (90) days or more past due.
- (7) The political subdivision has carried over interfund loans for



the benefit of the same fund at the end of two (2) successive years.

(8) The political subdivision has been severely affected, as determined by the board, as a result of granting the property tax credits under IC 6-1.1-20.6.

(9) In addition to the conditions listed in subdivisions (1) through (8), and in the case of a school corporation, the board may also designate a school corporation as a distressed political subdivision if at least one (1) of the following conditions applies:

(A) The school corporation has:

- (i) issued refunding bonds under IC 5-1-5-2.5; or
- (ii) adopted a resolution under IC 5-1-5-2.5 making the determinations and including the information specified in IC 5-1-5-2.5(g).

(B) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the highest ten (10) among all school corporations.

(C) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the highest ten (10) among all school corporations.

(D) The amount of homestead assessed valuation in the school corporation for calendar year 2011 was at least sixty percent (60%) of the total amount of assessed valuation in the school corporation for calendar year 2011.

**(10) In addition to the conditions listed in subdivisions (1) through (9), and in the case of a school corporation, the board shall also designate a school corporation as a distressed political subdivision if the school corporation's petition for a loan from the counter-cyclical revenue and economic stabilization fund was denied in October 2013.**

The board may consider whether a political subdivision has fully exercised all the local options available to the political subdivision, such as a local option income tax or a local option income tax rate increase or, in the case of a school corporation, an operating referendum.

(b) If the board designates a political subdivision as distressed under subsection (a), the board shall review the designation annually to determine if the distressed political subdivision meets at least one (1) of the conditions listed in subsection (a).

(c) If the board designates a political subdivision as a distressed



political subdivision under subsection (a), the board shall immediately notify:

- (1) the treasurer of state; and
- (2) the county auditor and county treasurer of each county in which the distressed political subdivision is wholly or partially located;

that the board has designated the political subdivision as a distressed political subdivision."

Page 5, line 17, delete "described in section 6.5(a)(9)" and insert **"designated as a distressed political subdivision under section 6.5(a)(10)"**.

Page 13, line 38, after "manufacturing," insert **"assembly,"**.

Page 15, line 19, delete "July" and insert **"November"**.

Page 15, line 39, delete "July" and insert **"November"**.

Page 16, between lines 11 and 12, begin a new paragraph and insert:  
**"SECTION 26. [EFFECTIVE JULY 1, 2014] (a) The legislative council is urged to assign the following topics for study during the 2014 legislative interim:**

- (1) Whether the proceeds of the sale of a major county asset should be held in a nonreverting trust fund of the county such that the principal of the fund is never diminished.**
- (2) The issue of how to define the term "major county asset".**
- (3) Permissible uses of the interest of a trust fund described in subdivision (1).**

**(b) This SECTION expires December 31, 2014."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1380 as introduced.)

BROWN T, Chair

Committee Vote: yeas 14, nays 0.

